

108TH CONGRESS
1ST SESSION

H. R. 1582

To equitably distribute universal service support throughout rural America,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 3, 2003

Mr. TERRY (for himself, Mr. STUPAK, Mr. STRICKLAND, Mrs. WILSON of New Mexico, Mr. SHIMKUS, Mr. CANNON, Mr. INSLEE, Mr. OTTER, Mr. SIMPSON, Mr. TANCREDI, Mr. BISHOP of Utah, Mr. RENZI, Mr. DICKS, Mr. OSBORNE, Mr. BEREUTER, Mr. MCINNIS, Mrs. CUBIN, Mr. HASTINGS of Washington, Mr. POMEROY, Mr. KLINE, Ms. MCCARTHY of Missouri, Mr. RUSH, Mr. RADANOVICH, Mr. ROGERS of Michigan, Mr. BROWN of Ohio, Ms. DEGETTE, Mr. BARTON of Texas, Mr. BASS, and Mr. BEAUPREZ) introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To equitably distribute universal service support throughout
rural America, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Universal Service Fair-
5 ness Act of 2003”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—The Congress finds the following:

1 (1) Consumers living in rural, insular, and high
2 cost areas should have access to universal services at
3 affordable rates.

4 (2) Under the Federal Communication Commis-
5 sion's high cost support program for certain car-
6 riers, two states receive approximately 70 percent of
7 the Federal support, while 42 states receive no sup-
8 port.

9 (3) Calculating Federal universal service sup-
10 port exclusively on a statewide average basis improp-
11 erly places responsibility on most State governments
12 to support high cost areas with minimal assistance
13 from the Federal Government.

14 (4) Federal universal service support should be
15 calculated and targeted to small geographic regions
16 within a State to provide greater assistance to the
17 rural consumers most in need of support.

18 (5) Federal and State support mechanisms for
19 high cost areas must be reviewed to determine the
20 extent to which high cost support reform is nec-
21 essary.

22 (b) PURPOSES.—It is therefore the purpose of this
23 Act to provide Federal universal service support to con-
24 sumers living in rural, insular, and high cost areas by—

1 (1) spreading the benefits of the existing Fed-
2 eral support mechanism more equitably across the
3 nation;

4 (2) facilitating removal of implicit State sup-
5 port; and

6 (3) ensuring that the Federal Communications
7 Commission develops a Federal support mechanism
8 that will promote rate comparability between rural
9 and urban areas.

10 **SEC. 3. ELIGIBILITY FOR UNIVERSAL SERVICE SUPPORT**
11 **FOR HIGH COST AREAS.**

12 Section 254 of the Communications Act of 1934 (47
13 U.S.C. 254) is amended by adding at the end the following
14 new subsection:

15 “(m) UNIVERSAL SERVICE SUPPORT FOR HIGH COST
16 AREAS.—

17 “(1) CALCULATING SUPPORT.—In calculating
18 Federal universal service support for eligible tele-
19 communications carriers that serve rural, insular,
20 and high cost areas, the Commission shall, subject
21 to the provisions of paragraphs (2) and (3), revise
22 the Commission’s support mechanism for high cost
23 areas to provide support to each wire center in
24 which the incumbent local exchange carrier’s average

1 cost per line for such wire center exceeds 3.75 times
2 the national average cost per line.

3 “(2) HOLD HARMLESS SUPPORT.—In imple-
4 menting this subsection, the Commission shall pro-
5 vide support for each State equal to the greater of—

6 “(A) the amount calculated under the
7 Commission’s support mechanism for high cost
8 areas as in effect on the date of the enactment
9 of this subsection; or

10 “(B) the amount calculated pursuant to
11 paragraph (1).

12 “(3) LIMITATION ON SUPPORT TO BE PRO-
13 VIDED.—Notwithstanding paragraph (2)—

14 “(A) no State shall receive support that
15 exceeds 5 percent of the total support cal-
16 culated under the Commission’s support mecha-
17 nism for high cost areas as in effect on such
18 date of enactment; and

19 “(B) the total amount of support for all
20 States shall not exceed the total support cal-
21 culated under the Commission’s support mecha-
22 nism for high cost areas as in effect on such
23 date of enactment.

24 The limitations in subparagraphs (A) and (B) shall
25 not be construed to preclude fluctuations in support

1 on the basis of changes in the data used to make
2 such calculations.

3 “(4) IMPLEMENTATION.—Not later than 180
4 days after the date of the enactment of this sub-
5 section, the Commission shall complete the actions
6 (including prescribing or amending regulations) nec-
7 essary to implement the requirements of this sub-
8 section.

9 “(5) DEFINITION.—For purposes of this sub-
10 section, the term ‘Commission’s support mechanism
11 for high cost areas’ means section 54.309 of the
12 Commission’s regulations (47 CFR 54.309), and
13 regulations referred to in such section.”.

14 **SEC. 4. GAO REPORT ON NEED TO REFORM HIGH COST**
15 **SUPPORT MECHANISM.**

16 Not later than one year after the date of enactment
17 of this Act, the Comptroller General shall report to Con-
18 gress on the need to reform the high cost support mecha-
19 nism for rural, insular, and high cost areas. As part of
20 this report, the General Accounting Office shall provide
21 an overview and discuss whether—

22 (1) existing Federal and State high cost sup-
23 port mechanisms ensure rate comparability between
24 urban and rural areas;

1 (2) the Federal Communications Commission
2 and the States have taken the necessary steps to re-
3 move implicit support;

4 (3) the existing high cost support mechanism
5 has affected the development of local competition in
6 urban and rural areas; and

7 (4) amendments to section 254 of such Act are
8 necessary to preserve and advance universal service.

9 **SEC. 5. NO EFFECT ON RURAL TELEPHONE COMPANIES.**

10 Nothing in this Act shall be construed to affect the
11 support provided to an eligible telecommunications carrier
12 under section 214(e) of the Communications Act of 1934
13 (47 U.S.C. 214(e)) that is a rural telephone company (as
14 defined in section 3 of such Act (47 U.S.C. 153)).

○